

Decision 01-11-019 November 8, 2001

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
Sprint Communications Company L.P.
(U-5112-C) to Transfer California Local
Residential Resale Customer Base and Withdraw
the Provision of Local Residential Resale Service.

Application 01-03-005
(Filed March 2, 2001)

O P I N I O N

1. Summary

This decision authorizes Sprint Communications Company L.P. (Applicant) to withdraw from the provision of resold residential local exchange service and transfer its customer base to the customer's choice of carrier. If the customer does not indicate a choice, the customer will be transferred to the underlying carrier subject to the customer meeting the underlying carrier's tariff requirements. Applicant will continue to offer other types of local exchange services as well as interexchange services.

2. Background

Applicant, a Delaware limited partnership, is authorized to operate in California as an interexchange carrier (U-5112-C).

In Decision (D.) 97-08-045, the Commission authorized Applicant to operate as a competitive local carrier providing both facilities-based and resold local exchange service in the service territories of Pacific Bell Telephone Company (Pacific) and Verizon California, Inc. (Verizon).

Applicant has provided local exchange service since 1997. It has approximately 6,000 residential resale customers who are provided service through Pacific or Verizon. All local exchange offerings are provided out of its tariffs. No local exchange services are provided on a contract basis.

In addition to residential resale local exchange service, Applicant provides resale local exchange service to 471 small business customers. Applicant also provides facilities-based local exchange service to a few hundred residential and business customers.

3. Procedural Matters

In Resolution ALJ 176-3059 dated March 15, 2001, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were not necessary. No protests have been received. There is no apparent reason why the application should not be granted. Given these developments, a public hearing is not necessary, and it is not necessary to disturb the preliminary determinations.

4. The Application

Applicant states that its residential resale local exchange operations have become a financial burden rather than the business opportunity that it had hoped. Therefore, Applicant requests authorization to withdraw from the residential resale local exchange market. Applicant will continue its small business resale, and residential and business facilities-based operations. Therefore, it requests that its local exchange authority remain in effect.

Applicant proposes to transfer its local residential resale customers to the underlying carriers (Pacific and Verizon) unless the customer selects another provider. In the event that the customer does not meet the underlying carrier's

minimum tariff requirements, and has not selected another provider, Applicant will notify the customer approximately 30 days in advance of the date that his or her service will be disconnected if another provider is not selected.

Applicant states that its customers will be given written notice of the transfer, consistent with notice provisions in a similar case set forth in D.97-06-096. Copies of the proposed notices to customers were attached to the application.

The following is Applicant's proposed schedule for customer notice:

- First notification letter: To be received by customers the day this application was filed.
- Second notification letter: To be received by customers the day the advice letter withdrawing its resale tariff is filed pursuant to a decision in this proceeding.
- Third notification letter: To be received by customers, identified by the underlying carrier as not meeting its minimum tariff requirements, approximately 30 days prior to service being transferred to another carrier or disconnected.
- Fourth notification letter: To be received by customers seven days prior to the effective date of the advice letter withdrawing its resale tariff.

Applicant proposes that customers receive credit on their bills for any tariffed transfer charges if they are incurred as a result of the transfer. Any credits remaining on a customer's cancelled account will be refunded to the customer by check.

Applicant intends to discontinue residential resale service by August 13, 2001. However, it will keep its tariffs in effect until August 30, 2001, to allow customers experiencing difficulties with the transfer process an additional grace period.

5. Discussion

The Commission has routinely applied two requirements for a transfer of a customer base. The first requirement is that the receiving utility be fully qualified to provide service to the customer. Applicant proposes to transfer the customers to the local exchange carrier chosen by the customer. In this case, the customer examines the qualifications of the receiving utility. If the customer does not indicate a choice, he or she will be transferred to the underlying carrier, Pacific or Verizon, if the underlying carrier's minimum requirements are met. Pacific and Verizon, as the underlying carriers, are fully qualified to provide service.

The second requirement is proper notice. Notice requirements were developed in D.97-06-096 for advice letter filings. The requirements are useful as a guide in this proceeding. They are as follows:

1. "The notice must be in writing;"
2. The carrier must provide it to customers no later than 30 days before the proposed transfer;"
3. The notice must contain a straightforward description of the transfer, any fees the customer will be expected to pay, a statement of the customer's right to switch to another carrier, and a toll-free number for questions; and"
4. The notice and the carrier's description of service to customers must be included in the advice letter."

Applicant provided copies of the proposed notices with the application. The notices and the proposed schedule for customer notification meet the above requirements.

Granting this application is not adverse to the public interest because the transferred customers can obtain service from other carriers. Accordingly, the application should be granted.

6. Comments on the Proposed Decision

This is an uncontested matter, in which the decision grants the relief requested. Accordingly, pursuant to Pub. Util. Code Section 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

Findings of Fact

1. Applicant seeks authority to withdraw from residential resale local exchange service and to transfer its customer base as described in 4 above.
2. The application appeared in the Daily Calendar on March 7, 2001.
3. No protests have been filed.
4. Applicant is authorized to provide interLATA and intraLATA service in California.
5. Applicant was authorized in D.97-08-045 to provide facilities-based and resold local exchange service.
6. The receiving utility will be chosen by the customer.
7. If the customer does not indicate a choice and meets the underlying carrier's minimum requirements, the customer will be transferred to the underlying carrier, Pacific or Verizon.
8. Pacific and Verizon are fully qualified to provide service.
9. The notice requirements in D.97-06-096 for advice letter filings are useful as a guide in this proceeding.
10. Applicant's proposed notices, and its schedule for customer notice, satisfy the notice requirements in D.97-06-096.

Conclusions of Law

1. A hearing is not necessary.
2. Granting this application is not adverse to the public interest.
3. The application should be granted.
4. This order should be made effective immediately, so that the transfer of the customer base can be implemented as soon as possible.

O R D E R

IT IS ORDERED that:

1. The application of Sprint Communications Company L.P. (U-5112-C) (Applicant) to withdraw from the provision of resold residential local exchange service and to transfer its customer base to the underlying carrier, subject to the customer's choice of carrier and the customer meeting the underlying carrier's tariff requirements, is granted subject to the conditions set forth below.
2. Applicant shall notify all customers in the manner described in the application.
3. Applicant's request to discontinue residential resale service by August 13, 2001, shall be deferred, if necessary, to insure that the customer notification, as authorized herein, is completed.
4. Applicant shall notify the Director of the Commission's Telecommunications Division in writing of the date the transfer of the customer base, as authorized herein, is completed within 10 days after completion of the transfer.
5. The authority granted in this order shall expire if not exercised within 12 months after the effective date of this order.

6. This application is closed.

This order is effective today.

Dated November 8, 2001, at San Francisco, California.

LORETTA M. LYNCH

President

RICHARD A. BILAS

CARL W. WOOD

GEOFFREY F. BROWN

Commissioners

Commissioner Henry M. Duque, being necessarily
absent, did not participate.